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STATE PASS OPIC FOR ZHAN, MSTUCKART, JEDWARDS  
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E.O. 12958: N/A  
TAGS: [PGOV](#) [ECON](#) [KCOR](#) [NI](#)  
SUBJECT: NIGERIA: EDO STATE REFORMS ON TRACK

REF: A. 08LAGOS 477  
[1](#)B. 08LAGOS 514  
[1](#)C. LAGOS 227

[1](#)1. (SBU) Summary: On June 18 PolOff met with senior officials of Edo State Government in Benin City to discuss progress on the reforms initiated by the Governor Adams Oshiomhole (Action Congress - AC) since he took office following an Appeals Court decision in his favor in November 2008. The state is moving rapidly toward the implementation of key elements of "e-governance" such as automated systems for revenue collection, payroll disbursements, and record keeping. The focus is on the elimination of "leakages" particularly in tax receipts and payroll in order to rapidly increase internally generated revenue to the point where the state will be self-sufficient (Reftel C). The state's health care system poses major challenges which the Oshiomhole administration is seeking to address through greater reliance on the private sector, among other initiatives. NGO contacts give the Oshiomhole government high marks for its performance to date and claim his administration still enjoys popular support. The appointees of the Oshiomhole government appear motivated more by the desire to show that Nigeria can be made to "work" than by interest in material gain. The question remains if they can motivate and mobilize enough support among their staffs to carry out the ambitious projects they have outlined. End Summary.

Fighting Fraud with Technology and Training  
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[1](#)2. (SBU) During a visit to Edo State, PolOff met with various members of the state government on June 18 to discuss their efforts to implement governance reform and improve services to local residents. Yemi Keri, formerly SAP's Regional

Manager for West Africa and now Oshiomhole's Special Advisor on Information Technology, outlined the various e-governance projects undertaken by the Oshiomhole administration to improve government efficiency and reduce corruption. Edo State has introduced biometric ID cards for all public sector employees. In conjunction with this program, all personnel records are being scanned into an electronic data base and will be associated with the biometric data of the workers. The objective is to eliminate "ghost workers," duplicate appointments and other unqualified recipients of salaries and pensions, and also record training, promotions and other personnel actions to enable merit-based advancement and rational personnel management. The scanning of documents is in progress and the state government is currently hiring and training 300 college graduates to conduct personal interviews while collecting biometric data. Once the project has been completed for all public sector employees, the state intends to introduce biometric ID cards for all citizens as the basis for tax collection. Other projects Keri proposes include an automated motor vehicle registration and a geographic information system (GIS) based on aerial photography. The automated vehicle registration is a low-cost item which could rapidly generate revenue, while the GIS is a high-cost item with multiple uses notably identifying land-use for generating property tax revenues, controlling de-forestation, assisting in planning the location of hospitals, schools, wells and enabling rational construction of roads with adequate drainage.

13. (SBU) Keri noted that her department has been overwhelmed by job applications from college graduates eager for employment even at low salaries and that she has personally seen the dramatic changes in attitude which just a month of training produces in these young people. According to Keri,

job applicants often do not know how to dress or act and are completely lacking in self-confidence when they first arrive but leave training as self-respecting, professionals eager to introduce the new technology and implement the fraud-fighting policies of the government.

#### Eliminating Tax-Collectors to Increase Tax Revenues

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14. (SBU) Dr. Ese Owie, formerly of the World Bank and now Chairman of the Board of Internal Revenue for Edo State, claimed that the historically low levels of internally generated revenue in the state were primarily due to "leakages." According to Owie in the past residents have paid cash to the tax offices and received written receipts, but the collected cash almost never made it into the state's coffers. Owie said that the elimination of "the human factor" was the key to increasing revenue, and to this end the state is developing a pre-paid "tax card" which tax-payers load up and then "swipe" at "Points of Sale" (POS) connected directly to the state's tax accounts when paying taxes. Alternatively, tax-payers can make cash payments at banks, which then transfer the funds electronically into the State's tax account. The costs of introducing the automated system will be borne by the banks, which will collect fees on transactions. Although starting with only 20 POS, Owie believes the state will be able to develop a widespread network of POS at banks enabling tax payment by card even in rural communities.

15. (SBU) Owie stressed that many people have always paid their taxes and many more will be willing to do so once they see their taxes at work. He added that his department is focusing on implementing the electric payments for corporate tax-payers first, enabling them to pay both corporate and payroll taxes directly into government accounts without the use of cash or middlemen. Other measures taken to increase compliance are the establishment of 18 "Revenue Courts" to handle cases relating to tax disputes without getting caught in the backlog of other civil cases, and the hiring of 200 tax auditors. Although most of these measures, especially the electronic payment systems, have not yet been implemented, the state has seen monthly internally generated

revenues increase from 530 million naira (\$3.6 million) to 750 million naira (\$5.1 million) in just two months. The goal is to generate 1.5 billion naira (\$10.2 million) from internally generated revenue by the end of the year. The first electronic payments are expected in July.

#### State Health Care Failing on all Levels

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¶6. (U) Dr. Moses Momoh, a professor and surgeon from the teaching hospital in Benin and now Commissioner of Health for Edo State, told PolOff that the state health facilities are "light-years" behind Nigerian Federal facilities at all levels. Primary health care in the state is the responsibility, he said, of the Local Government Areas (LGAs) which have focused on building structures but not filling them with equipment, furnishings or staff. The problem is compounded by lingering mistrust of modern medicine among many residents of rural communities. Momoh's ministry is trying to educate people on hygiene and to build trust in modern medicine by sending health care professionals out to the villages. Still, most of the villages have no trained medical personnel, no medical equipment and no ambulances. There are three ambulances in the entire state, and many rural communities can only be accessed by two-wheel vehicles and/or boat.

¶7. (U) Secondary medical care, under the jurisdiction of the (state) ministry, is in a state of collapse; hospitals are in a very dilapidated state of repair, many with leaking roofs and cracked walls and all with cement floors, which are unhygienic and foster the growth of molds and bacteria. Most hospitals lack the equipment necessary to safely perform surgery. A minimum of seven nurses is required to staff a hospital around the clock, however, none of the hospitals have more than five nurses and many have only three. As a result, staff either works excessive hours or simply closes the hospitals at night. The three specialty hospitals in the state are likewise in a state of decay and lack personnel and operable equipment. Momoh hopes to negotiate contracts with medical equipment manufacturers to lease equipment to the state hospitals under terms which leave maintenance and repairs in the hands of the manufacturer, eliminating the need for in-house competence in these areas. Momoh specifically mentioned the desire to lease ultra-sound machines, CT scans and other diagnostic equipment.

#### Changing Attitudes by Changing the Environment

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¶7. (U) Clem Agba, a Chevron employee of 19 years with extensive international experience currently on leave of absence to serve as the Commissioner for Environment and Public Utilities in the Oshiomhole government, told PolOff that he believes anti-social behavior can be curtailed by tackling environmental problems in the state. His strategy is to address low-cost/high profile projects first. For example, he said that the open sewage drains in Benin City are used as public toilets and dump-sites and so soon fill up with rubbish and human waste. In the rainy season, these clogged drains cause widespread flooding, posing a hygiene and health hazard. In response, Agba plans to cover the drains with side-walks and landscaping, provide public toilets, and set up street-lights and surveillance cameras to stop people from misusing the drains. He cited street cleaning as another low-cost/high profile measure which could furthermore provide employment for 3,000 low-skilled workers and help create a sense of pride and identity. Agba added that the state currently has no solid waste management program; it simply moves or scatters waste from one location to another. He is preparing to subcontract waste collection based on specifications that will require proper management, and he says plans are already in place to start separating out medical and electrical waste. Long term, the state would like to have land-fills capable of converting waste to fertilizer and electricity.

#### A Sense of Government Presence

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¶8. (U) Leo Atakpu and Innocent Edemhanrla of the African Network for Environment and Economic Justice told PolOff on June 19 that the Oshiomhole government continued to enjoy popular support in large part because it has restored a sense of good government to the state. According to Atakpu the state was virtually lawless for the last ten years. No one, he said, obeyed the simplest laws, while the powerful and well connected flouted even the most serious laws. The fact that prominent or well-connected people, who used to be "above the law," have been called to account has made people start to respect the law, even to the point of admonishing traffic and parking violators. Atakpu admitted, however, that violent crime in the state is still very high, despite some recent success breaking up a kidnapping ring. He claimed this was because certain groups, notably the Transport Workers Union, have armed themselves and act as a vigilante group

outside the law even operating their own "detention camps." Atakpu believes a shake-up in the police leadership which Oshiomhole recently carried out will lead to improvement. Addressing the popularity of Oshiomhole's tax measures, Atakpu claimed Oshiomhole had done a good job of convincing people to pay their taxes, even persuading pastors and imams to preach the importance of tax revenue in churches and mosques. People now understand, according to Atakpu, the connection between taxation and accountability, adding that because people can already see improvements such as better drainage, they are starting to pay taxes.

¶9. (SBU) Comment: The appointees of the Oshiomhole government we have met are all professionals with international experience. Most have left good positions in the private sector in order to serve in the Oshiomhole administration for nominal pay only. They appear motivated more by the desire to show that Nigeria can be made to "work" than by interest in material gain. The question remains if they can motivate and mobilize enough support among their staffs to carry out the ambitious projects they have outlined and started. End Comment.

¶10. (U) This cable was cleared with Embassy Abuja.

BLAIR